

## Message Text

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APPROVED BY EB/OCA/REP:LAKLIEFORTH

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XMB:WARREN W GLICK

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R 271458Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: APUB, MX

SUBJECT: PRESS RELEASE ON EXIMBANK CREDITS TO MEXICO

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE TWO CREDITS TOTALLING DOLS 15,633,000 IN FAVOR OF NACIONAL FINANCIERA S.A. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, MARCH 11, 1975.

QUOTE: TWO EXIMBANK CREDITS TOTALLING \$15,633,000 HELP FINANCE \$52,110,000 SALE OF U.S. RAILROAD EQUIPMENT TO MEXICO

TO HELP FINANCE \$52,110,000 IN SALES OF U.S. RAILROAD EQUIPMENT TO MEXICO, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED TWO DIRECT CREDITS IN FAVOR OF NACIONAL FINANCIERA S.A. TOTALLING \$15,633,000, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY.

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ONE DIRECT CREDIT OF \$13,476,000 WILL FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS OF \$44,290,000 FOR RAILROAD EQUIPMENT CONSISTING OF LOCOMOTIVES, CABOSES, AND PLATFORMS WITH RELATED SPARE PARTS, EQUIPMENT AND SERVICES. EXIMBANK IS ALSO PROVIDING A FINANCIAL GUARANTEE OF A CREDIT OF \$13,476,000 FROM THE PRIVATE EXPORT FUNDING CORPORATION (PEFCO), TO FINANCE 30 PERCENT OF THE U.S. COSTS. ANOTHER CREDIT OF \$13,476,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 30 PERCENT OF THE U.S. COSTS. THE OBLIGOR WILL MAKE CASH PAYMENT OF 10 PERCENT OR \$4,492,000 FOR THE BALANCE OF THE U.S. COSTS.

THE EQUIPMENT WILL BE FOR THE USE OF FERROCARRILES NACIONALES DE MEXICO. GENERAL ELECTRIC COMPANY OF NEW YORK CITY, WILL FURNISH 30 DIESEL ELECTRIC LOCOMOTIVES OF 2250 HP WITH SPARE PARTS AND 17 DIESEL ELECTRIC LOCOMOTIVES OF 3600 HP WITH SPARE PARTS. GENERAL MOTORS CORPORATION, LA GRANGE, ILLINOIS, WILL FURNISH 20 DIESEL ELECTRIC LOCOMOTIVES OF 2000 HP WITH SPARE PARTS. MORRISON RAILWAY SUPPLY CORPORATION, BUFFALO, NEW YORK, WILL FURNISH 50 CABOSES AND PULLMAN STANDARD, CHICAGO, ILLINOIS, WILL FURNISH 50 FLAT CARS. DELIVERIES WILL BE COMPLETED BY DECEMBER 1975. FERROCARRILES NACIONALES HAS OVER 1,000 DIESEL ELECTRIC LOCOMOTIVES IN ITS INVENTORY WHICH HAVE BEEN PURCHASED WITH EXIMBANK'S FINANCIAL ASSISTANCE OVER THE PAST 20 YEARS.

THE LOANS IN THIS TRANSACTION ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING JUNE 5, 1976. EXIMBANK'S DIRECT CREDIT OF \$13,476,000 WILL BE REPAID OUT OF THE LAST SEVEN INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES, RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.3 PERCENT TO 9.55 PERCENT PER ANNUM.

THE OTHER EXIMBANK CREDIT OF \$2,157,000 WILL FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS OF \$7,190,000 FOR LOCOMOTIVES AND FLAT CARS WITH RELATED SPARE PARTS, EQUIPMENT AND SERVICES. EXIMBANK WILL PROVIDE A FINANCIAL GUARANTEE OF A CREDIT OF \$2,157,000 FROM THE PRIVATE EXPORT FUNDING CORPORATION  
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(PEFCO), TO COVER 30 PERCENT OF THE U.S. COSTS. A CREDIT OF \$2,157,000 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL COVER ANOTHER 30 PERCENT OF THE U.S. COSTS AND THE BALANCE WILL BE A CASH PAYMENT BY THE OBLIGOR OF 10 PERCENT OF THE TOTAL U.S. COSTS OR \$719,000.

THE END USER OF THE EQUIPMENT WILL BE FERROCARRILES DEL PACIFICO, A GOVERNMENT RAILROAD SERVING WESTERN MEXICO WHICH

OPERATES AS A SEMI-AUTONOMOUS ENTITY. THE TEN 3,600 HP DIESELS WILL BE DELIVERED BY GENERAL ELECTRIC COMPANY, NEW YORK CITY, IN EARLY 1975 AND THE FLUSH HIDECK FLAT CARS ARE SCHEDULED FOR DELIVERY BY PULLMAN STANDARD OF CHICAGO, ILLINOIS, FROM JUNE TO DECEMBER 1975.

THE LOANS IN THIS TRANSACTION ARE TO BE REPAID IN 20 SEMI-ANNUAL INSTALLMENTS BEGINNING JANUARY 5, 1976. EXIMBANK'S DIRECT CREDIT OF \$2,157,000 WILL BE REPAID OUT OF THE LAST SEVEN INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.3 PERCENT TO 9.55 PERCENT PER ANNUM. UNQUOTE KISSINGER

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**Status:** NATIVE  
**Subject:** PRESS RELEASE ON EXIMBANK CREDITS TO MEXICO FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-  
**TAGS:** APUB, MX  
**To:** MEXICO  
**Type:** TE  
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